

City of San José

Coyote Valley Specific Plan

North and Mid Property Owners Meeting Summary September 20, 2006 Coyote Creek Golf Club

Community Members Present

Ann Giannuzzi, Tony Giannuzzi, Frank Giancola, Brian Nelson, Stefanie Wen, Bob Andrews, Jay Williams, Buzz Ereno, Leslie Montarbo, Pete Benson, Peter Rothchild, Darlene Campbell, Lillian Ruscitto, Fred Lester, Maralee Potter, Brian Nelson, Frank Crane, Roger Costa, Al Victors, Paul Riscitto, Rick Linquist, Ray Williams, Sharon Hoefling, Janet and Paul Hebert, Lily and Tony Dong, Wayne O'Connell, Allene Williams, Gerald Upshaw, Tom Foster, Bob Howard, Ann Howard, Hua Luh, Pauline Seebach, Maria L , Mike Biggar, Vic LoBue, Kerry Williams, Gerald Hoefling and Bob Grifall.

Task Force Members Present

Chuck Butters and Ken Saso.

Technical Advisory Committee (TAC) Members Present

Tim Steele (Sobrato Dev.).

City and Other Public Agency Staff Present

Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Susan Walsh (PBCE), Darryl Boyd (PBCE), Stefanie Hom (PBCE), Perihan Ozdemir (PBCE) and Regina Mancera (PBCE).

Consultants

Doug Dahlin (Dahlin Group), Roger Shanks (Dahlin Group), Darin Smith (EPS), and Eileen Goodwin (Apex Strategies).

1. Welcome and Introductions

The meeting convened at 6:30 PM with Eileen Goodwin with Apex Strategies welcoming everyone to the Coyote Valley Specific Plan (CVSP) property owner meeting. She reviewed the meeting agenda and other packet materials. A show of hands indicated that there were about two first-time CVSP meeting attendees.

Eileen indicated that there have not been any updates to the Planning Area Detail Appendix since it was issued in June 2006. Copies of the Planning Area Detail Appendix are available online on the CVSP website and on CD-ROM from the CVSP staff.

2. Coyote Valley Specific Process Update

Susan Walsh, Senior Planner with the Planning, Building and Code Enforcement department, provided some background on the plan and gave an overview of the CVSP process and plan development. She explained the principles upon which the plan was based, reviewed the City Council's Vision and Expected Outcomes, and discussed the environmental footprint, blue infrastructure, green infrastructure, transportation system and the overall plan concept. Susan indicated the plan is still conceptual, and after the EIR is released, there may be some refinements to the plan.

Susan gave an overview of next two years. The Plan is expected to be presented to the City Council in Spring 2007. After adoption, the City will apply to the Santa Clara County Local Agency Formation Commission (LAFCO) for annexation and expansion of the Urban Service Area Boundary. The City will continue to have City Council study sessions and community meetings on a regular basis to keep the public updated throughout the process.

Property owners provided the following questions and comments (Please note that comments are shown first, followed by responses in italics):

- Is the allowed building height in the downtown 22-stories? *Susan indicated that there are some areas in the town center and at Bailey Avenue and Monterey that allow for 22-story building height.*
- When is Gavilan College going to develop? *Eileen indicated that the sale of the property to Gavilan College will not close until early next year. After that, Gavilan will still need to go through the planning process and CEQA clearance.*
- Where are the 22-story buildings proposed? *Susan indicated there are proposed high-rise buildings around the lake, and at the Bailey Avenue Gateway area.*
- Are there going to be luxury condominiums? *Susan indicated there will be a mixture of building types and costs. There will also be 5,000 deed-restricted affordable units.*
- The proposed locations of the high-rises are not fitting. It is the location of a lot of single family homes. When property owners bought their properties 20 years ago, they did not expect 22-story buildings to be constructed.

- How many stories are mid-rise buildings? *Susan indicated mid-rise buildings will be five to seven stories in height.*
- Property owners were not allowed to build over three-story homes because it would block views. It is not fair that the Plan will now allow for mid and high-rises. *Roger Shanks, with the Dahlin Group, indicated there will be higher densities in northern area of the plan, away from the existing homes. There will be low densities near existing residences, and property owners with larger properties can subdivide to allow for a buffer between adjacent subdivisions. The higher densities will be around the lake, north of Bailey, along the transit corridors, and away from the existing single family residential homes. The maximum height limitation for residential will be 4- stories, and 2 to 3 stories near existing homes.*
- High density near Bailey Avenue is not a problem because there not many existing homes there. But there is a problem putting four-story homes where there are existing 2-story homes. *Roger clarified there will not be any four-story homes adjacent to existing homes. The Plan is designed to protect privacy, the environment, and views to the hills. He suggested looking at the Planning Area Detail Appendix as a reference to see what will be on individual parcels.*
- Will the Grass Farm have three to four-story residences, or single family residences on 5,000 square-foot lots? *Roger indicated the area will be all two to three-story single family detached homes, but at densities higher than 5,000 square-feet per lot.*
- Do the blue areas on the map indicate a mix of residential? *Roger clarified that the blue and purple areas are planned for office and workplace uses.*
- There is an area currently under construction off of Monterey Avenue and left of Palm Avenue. What is going to be there? *Roger indicated there a recreational vehicle park under construction that was approved by the County Board of Supervisors which is anticipated to be an interim use. The City does not have control over it because the land is under County jurisdiction.*
- Three years ago, property owners were told 15-stories would be the maximum building height, now it is up to 22-stories. What is it going to be in another two years? *Roger indicated that the high density residential designation will allow for 22 stories in some areas, however the actual building heights may vary. He added that there will only be a few high-rise towers.*
- Has there been communication with LAFCO? What is their stance on the project? *Laurel Prevetti, Deputy Director of the Planning, Building and Code Enforcement Department, indicated that the City has a good relationship with LAFCO. After the Specific Plan is adopted by the City Council, the City will apply to LAFCO, which is anticipated in 2008. LAFCO's will decide on the annexation issue and how the Urban Service Area can be expanded. She recommended looking at the LAFCO website and policies for more information.*
- Have the mayoral candidates given support that the plan will go forward? *Laurel indicated that she has not had direct conversations about the Plan with either of the candidates. Staff is updating the City Council with regularly scheduled study sessions so all council members are up-to date on the Plan and the process. Two big decisions that City Council will need to consider include whether this is the best plan for Coyote Valley and whether it meets all of the objectives and also the timing of residential development in Coyote Valley?*
- Does the 5,000 job requirement mean places for jobs? *Laurel indicated it is currently based*

on the issuance of building permits for buildings that have the office space that can house 5,000 jobs.

- Developers can build buildings to house jobs, and then start building housing. Then they can walk away from the building, and it becomes blight, not development. *Laurel indicated the Council is watchful of that potential problem.*
- What is the timeframe of zoning and annexation? *Laurel indicated that some properties are already annexed into the City. Other properties will be annexed after the USA is expanded. The city will require pre-zoning of the parcels prior to annexation so property owners will know what the development potential will be when their property is annexed. The City is also working on a zoning code specific to Coyote Valley. They need to go through all the regulatory procedures first, and then move in an orderly fashion.*
- Is the City Council supportive of this Plan, and is the decision dependent on the Mayor? *Laurel indicated that all eleven City Council Members will vote on the Plan and it will require six votes in favor of the Plan for it to be approved.*
- Is the approximate building time for Palm Avenue and Monterey Avenue 20 years? *Laurel indicated they are not far enough in the process to know which area is going to develop first. It is reasonable to think North Coyote Valley will be developed first because it is already annexed and there are some utilities in place. A lot of questions still need to be answered before it is determined where development will start.*
- San Jose has developed the Plan, but the land is owned by private owners. Do they need to be committed to this plan, or otherwise they cannot develop their land? *Laurel indicated property owners will need to follow the Plan. It is how land-use planning is done all over the State. It includes adoption of a long-range plan, General Plan, and zoning code by City Council, and sets rules for property owners.*

3. CVSP Financing Discussion

Eileen introduced Darin Smith of Economic and Planning Systems (EPS), an economic consultant with CVSP. There was a financing presentation at the May 2006 property owners meeting, and the purpose of this financing presentation is to revisit some of the issues for those who didn't fully understand at that time. Darin clarified that the Plan must be feasible for private development.

- a) Darin reviewed infrastructure definitions and phasing, what options property owners have during that process, and how the Coyote Valley Specific Plan's affordable housing requirement factors into the financing plan. The City Council has mandated that 20% of all housing in Coyote Valley must be affordable.

Property owners provided the following questions and comments:

- This plan is too high density in the Valley. The contribution to the overall cost of the infrastructure is going to be higher than if there was another type of development going in there.
- Years ago, the developer bought the land and was the one who had to dedicate the area

for schools and parks. Now it seems like it is just coming out of the big plot. *Eileen indicated that property owners may develop their own property or they may choose to sell their property to developers.*

- b) Darin explained how each property's "fair share" of land dedications will be determined and managed. The actual amount of land conveyed by a property owner will be determined by the location of infrastructure and public facilities. When public land on a property owner's land is more than their allocated "fair share," the property owner will be compensated for land above the "fair share."

Property owners provided the following questions and comments:

- If a parcel does not have any infrastructure impacting it, are property owners going to have to pay fees to those who do? *Darin indicated that is a likely outcome for those types of parcels. But property owners who do not develop their land will not be subject to any fees.*
- If property owners are not paying into the backbone and in-tract infrastructure, do they still get services such as fire and police? *Eileen indicated that there will a provision in the financing strategy to address that issue.*
- Can a property on a cul-de-sac have a road go through it? *Eileen indicated the Planning Are Detail Appendix describes where the roads are planned.*
- Where do the compensation funds come from? *Darin indicated that those funds will come from properties that dedicate less than their "fair share" of land or the equivalent, based on the allocation and demands on their property. The actual governance that will be managing all these funds has not yet been determined.*
- Who will be deciding who that body will be and when? *Darin indicated there will be an entity in place before development starts, however the details have not been worked out yet. Laurel added that it will probably after the adoption of the Specific Plan, which is expected in Spring 2007.*
- How will the value of the property to be dedicated be determined? Where will the money come from to hand back to developers? People will not develop at the same time. There will not be money to hand back out. *Darin indicated that they have not determined exactly how the funding mechanism will work exactly yet. When a developer seeks to develop the land, they will be required to make a payment or dedicate their land, and at that time there will be money available to reimburse them as necessary.*
- There needs to be infrastructure before development. There is going to be a big delay-some property owners are going to wait twenty to fifty years before they get their payouts. *Darin indicated they would not wait that long to get their payments. There will be those who chose to develop earlier, and those who choose to develop later. In so doing, they will be required to make their contributions at that time. There would be an assessment of the land that would go with the title of the land, and the owners of the land would pay an additional fee on their taxes. They can project into the future and issue a bond up front based on those projections that can be used to finance the infrastructure.*

- c) Darin discussed the outstanding issues on land dedication, which includes re-assessing land

needs after the EIR is distributed, establishing a valuation methodology for public land, and coordinating land dedication with the overall infrastructure financing program. The infrastructure financing obligations of property owners include public facilities, backbone infrastructure and in-tract infrastructure. The financing plan will address the public facilities and backbone infrastructure, and the remaining in-tract infrastructure will be the obligation of project developers.

Property owners provided the following questions and comments:

- What happens to existing water systems? *Laurel indicated they are obligated to do a water supply assessment under state law and identify adequate water supply for drinking and other purposes. Data is expected to be available on the CVSP website this fall.*
 - Can current water suppliers be retained? *Laurel indicated that properties that are part of a subdivision with existing water service will most likely be able to retain that supplier. It depends on progress of the development around the subject properties and what kind of service upgrades might be needed. She recommended that they contact Darryl Boyd, Principal Planner with the Planning, Building and Code Enforcement department, who is in charge of the EIR for Coyote Valley for more information on water supply.*
- d) Darin explained how infrastructure costs will be allocated among property owners. Costs will be allocated based on the demands created by the development that the subject land is entitled for. Individual property owners' obligations may be based on just the use of the land it is entitled to, or a combination of use and density. No investment will be required for public infrastructure until a property owner decides to exercise new entitlement rights. He indicated they are making adjustments to these allocations to make sure the project remains feasible.

Property owners provided the following comments:

- Would taxes change by rezoning? If property owners do not develop their land, do the taxes change? *Darin indicated that Proposition 13 protects against increases in property taxes if ownership or use of the land does not change.*
- Would the potential cost allocation scenarios be an "either-or" situation? According to the illustrative numbers, the cost per acre is three times the costs per unit. *Darin indicated the City Council wants Coyote Valley community to be an urban, high density design that is financially feasible. This issue will be discussed by Task Force and City Council.*
- Impact fees were \$35,000 – \$40,000 in the East and North Valley in San Jose. Coyote Valley fees are higher. *Eileen indicated that point has been made by the economist in earlier meetings and those are the types of things they measure against to test feasibility.*
- There are some significant risks for early adopters of the Plan. Are there any incentives for early participants to start implementing the Plan? *Darin indicated that it will be primarily market driven but they may be looking at creating some incentives.*
- Do the cost allocation numbers include affordable housing, or is it subtracted out first? *Darin indicated that the numbers are illustrative, and assumes the affordable units would*

be contributing.

- Are other costs, such as agriculture mitigation fees and easements on the Greenbelt, included on this financing plan, or added at a later date? *Darin indicated there are a number of things that will be updated as the EIR comes out.*
 - Many property owners paid a premium on their property for its development potential. Is that cost going to be factored into the valuation? *Darin indicated that a financing plan cannot address whether the property owners paid too much or too little for their land, at the time of purchase. Adjustments might be made for some areas in North Coyote Valley, depending on the existing assessments and contributions that have already been made.*
 - How is “as is” defined? When is a property considered developed? *Darin indicated that when a development permit is pulled for the property, it is considered developed, and would then be subject to the cost burden.*
 - The general plan indicates what property owners can do-- is that a subdivision? *Darin responded in the negative. The Plan will effectively create a master zoning for the entire property, but it will not effectuate a subdivision. When a property owner exercises their development rights through permits, the new land obligation will take effect. Eileen indicated that additions to existing single family homes would not trigger entering into the plan.*
 - Will the numbers change with time as the development moves across? *Darin indicated the numbers will change over time for a variety of reasons, including increases/decreases in costs, and some effective changes in the measurable feasibility of development.*
 - Will every property owner need to hire their own civil engineer, or will the City provide that service? *Laurel indicated private property owners typically hire their own civil engineers; the City does not provide that service.*
- e) Darin discussed the financial feasibility in terms of value versus cost ratios and the draft financing principles, and how property owners financing obligations can be met. There are several different measures that need to be met: 1) Overall backbone infrastructure costs at 15 – 20 percent of finished value (building + land), 2) 3:1 and 4:1 value-to-lien ratios on land, and 3) total tax/CFD burden cap at 1.75 percent.

The next steps in the financing process include developing a phasing plan for development, resolving the triggers and concurrency policies, re-assessing infrastructure costs and land dedication requirements, allocating cost burdens, testing feasibility and making adjustments, establishing a methodology for public land acquisition, developing a detailed financing and implementation program, and holding more property owners meetings.

Property owners provided the following questions and comments:

- Will the City project manage some of the backbone infrastructure to get the Plan started? *Laurel indicated it depends on the infrastructure. The City has taken the lead in previous projects; it will be on a case-by-case basis for Coyote Valley. All arrangements are still being worked out in terms of which agency will take the lead.*
- What is happening at south-west corner of Santa Teresa Avenue and Bailey Avenue? It does not appear to be consistent with the planned lake in that location. Can the

developers do whatever they want, independent from the Coyote Valley Specific Plan? *Susan indicated it is grading and padding up work pursuant to an approved Planned Development Permit issued about a year ago. It is unrelated to the Coyote valley Specific Plan. There are no plans for development that the City is aware of at this time.*

- During the month of September, property owners were told that there would be people making contact with them to talk about zoning. *Eileen indicated the only recent contact with property owners has been about field studies related to the EIR. Consultants needed access to some parcels to do testing for the EIR, but not zoning.*
- What is happening with the developers themselves? Are they going to wait around not knowing what is going to happen? *Kerry Williams, with the Coyote Housing Group, indicated they are sponsoring the planning process and have a funding agreement with San Jose. They just recently increased the funding agreement and are committed to seeing the process through and hope it comes to a conclusion next year.*
- One point five billion divided by \$25,000 units equals an impact fee of \$60,000 per unit. Seems different than some of the other numbers.
- The planning effort has been terrific in the last four years. There have been monthly public meetings, and the Coyote Valley Specific Plan reflects homeowners as well as other property owners and environmental interests.
- The development is supposed to be self funding in terms of infrastructure and public facilities. Property owners need to dedicate about 38 percent of land to make the project proceed. Developers and property owners are going to charge whatever the market can bear. The revenue is going to be kept, and the costs are going to be absorbed by those who participate. Things like agriculture mitigation and Greenbelt mitigation are things that environmental groups care about and they are going to be pushing for these things. The costs are going to be borne on the property owners. Property owners need to be at the public meetings to speak out about equity if these are regional benefits, or citywide benefits. Property owners in Coyote Valley should not pay the whole price.
- People who have interest in the Coyote Valley Specific Plan should go to the Task Force meetings. Property owners did not buy land for the purpose of development, they bought it for farming. Some property owners have been annexed to city for 50 years and have been paying taxes, but do not receive services. It is a beautiful plan, but it is going to take about 40 – 50 years for completion. Coyote Valley has been beat up by every mayoral candidate in last 40 years.
- The Planning Area Detail Appendix is too detailed and there needs to be flexibility for the current market. *Laurel indicated they are taking that comment into consideration and will have some recommendations. In some respects, detail is important because the City would like Coyote Valley to be a unique community. How it actually works in terms of combining some land use designations to achieve more flexibility is something they are currently looking at. The current plan is going to stay fairly stable until the EIR comes out, and then there may be Plan refinements and changes.*
- The Planning Area Detail Appendix designates church sites. Does that mean the site can only be used for a church? *Laurel indicated that places of worship are character and community-building uses. Church opportunity sites may also create opportunities for shared parking as well. Places of worship are deliberately identified to compliment other elements in the plan.*

- How does the proposed form-based zoning provide more flexibility than Planned Development (PD) zoning? *Laurel indicated that form-based zoning is a special zoning code that allows for different land uses. A form-based code helps to achieve urban character and allows for flexibility. Property owners will not need to rezone to change a development standard, as they are required to with Planned Development (PD) Zoning. A presentation about form-based zoning was made at the August 14 Task Force meeting, and can be found on the CVSP website.*
- In the early years, property owners are being expected to pay for all City services; then the Plan starts generating revenue. Shouldn't the revenue generated over the life of the bond go to servicing the bond debt, and then go to the general fund after the end of the bond? *Darin indicated there are examples of tax increment financing, but that is not something that has been considered at this point. The fiscal mitigation was an item on the list to be determined.*
- It seems unbalanced if property owners are being asked to pay the deficit upfront. They should get the benefit of the surplus on the tail end of the bond.
- Measure A is going to have an effect on the project.
- Encouraged people to come to the public meetings. It is important to share thoughts and feelings about this plan, and show support for it.
- Thanked the City planning staff and the consultants for coming to Coyote Valley and for holding the meeting. It is important to get the input from the property owners. They need to keep abreast of what is happening.

4. Next Steps/Close

Eileen thanked everyone for coming to the North and Mid Property Owners meeting. She urged people to submit any comments to staff on the Coyote Valley Specific Plan. The CVSP staff and consultant team are available to answer any questions.

The meeting was adjourned at approximately 8:40 p.m.